

A Work Project, presented as part of the requirements for the Award of a
Masters Degree in Finance from the NOVA – School of Business and
Economics

Ecaterina Stresna, 722

A Project carried out on the finance course, under
the supervision of: Miguel Ferreira

JOÃO BRAVO DA COSTA

Charming Estoril B&B

**BUSINESS PLAN
TOURISM**

December 2014

PRELIMINARY NOTE

This study was prepared by STEAM, based on information and assumptions validated by the promoter João Bravo da Costa, with the objective of developing a strategic orientation plan for the first years of activity of the new company to be formed, as well as to assess its economic feasibility.

The information and analysis within this document, result from evidences given by the promoter regarding his needs, at the various meetings held between the parties with the aim to present and discuss preliminary findings and conclusions.

STUDY BACKGROUND

This study was prepared by STEAM for limited distribution to the promoter.

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The content published on this study is based on a set of information and limited data, collected and analysed by the date of publication.

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STEAM shall not be liable for the use of the information within this document, by João Bravo da Costa or any other third parties.

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PROJECT

PROJECT

- The business plan presented in this document aims to assess the potential for revenue generation of a project linked to the tourism sector, and to be implemented on the region of Cascais (in Estoril).
- The promoters of the project aim to assess if the revenues to be generated by the business will be sufficient to support the payment of a loan that will be obtained from a financial institution. The loan will be granted to support the investment on remodelling and decorating work on a property in order to prepare it to become a hotel business.
- Additionally, promoters intend to verify if these revenues will still be sufficient for the payment of a personal loan agreement, that will be granted for the acquisition of the property.
- The total amount of financing planned, considering both measures, is €660.000 (six hundred and sixty thousand euros), broken down into:
 - €480.000 (four hundred and eighty thousand euros) for the acquisition of the property;
 - €180.000 (one hundred and eighty thousand euros) for the investment.

PROMOTERS

JOÃO BRAVO DA COSTA

- Lawyer with vast experience in multi-jurisdictional and international banking, employment, tax and corporate transactions.
- Lawyer registered in the Portuguese Lawyer Association, 2008.
- Lawyer registered in the Angolan Lawyer Association, 2009.
- Candidate for the Lawyer Association of New York State.



NÁDIA RODRIGUES FERREIRA

- Member of the Lawyers Society Miranda, Correia, Amendoeira & Associados, Lisbon and Luanda offices since 2006.
- Her activity is related to the areas of Employment Law and Litigation.
- Lawyer registered in the Portuguese Lawyer Association, 2008.
- Lawyer registered in the Angolan Lawyer Association, 2009.



DESCRIPTION

- The present project aims to develop a **bed & breakfast** (considered as guest house tourism) geared to foreign tourists that pass by and choose the area of Estoril/Cascais as their holiday destination.
- Unlike a large hotel infrastructure, this project, in its design, is intended to give the guest a **high sense of hospitality**, as if they were received in a family house, with all the monitoring and uniqueness that this type of service provides.

Hotel Localization



Charming Estoril B&B

DESCRIPTION

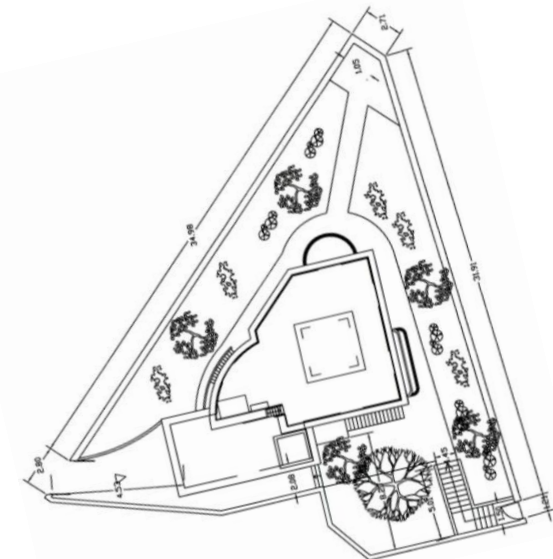
- In this project it is considered the leasing of a building at a key location in the Estoril area, namely at **Melo and Sousa Street**, near the Casino Estoril and the Estoril Train Station.
- The property is owned by João Bravo Costa and Nadia Rodrigues Ferreira, the project promoters, who will receive a rent of an amount sufficient to cover the repayments, interest rates and bank charges that result from the loan that will be granted for the acquisition of the property.
- As a way to raise additional revenue, in addition to the accommodations, the promoters also intend to offer a tea house in their establishment.
- With this idea the promoters want to take advantage of the equipment already used for breakfasts, stimulating various areas of the space, such as the breakfast room, the garden or the roof terrace, according to weather conditions.
- This space will also be available to non-guests, which will allow a gain of additional revenue for the company.

THE PROPERTY

- The property consists of several floors where key differentiator aspects can be found, as the amazing view to the surroundings, the architectural quality and the large dimension of rooms within the property.
- This view can be enjoyed from the roof terrace or also on the first floor, where seven bedrooms, all with large balconies, will be available for guests.
- The ground floor area will have a reception, a bar and a common area, as well as a garden with access to a private pool.
- The property will also have a basement that will act as a warehouse and a common area for guests.



View from the terrace



Project implementation plant

01

02

03

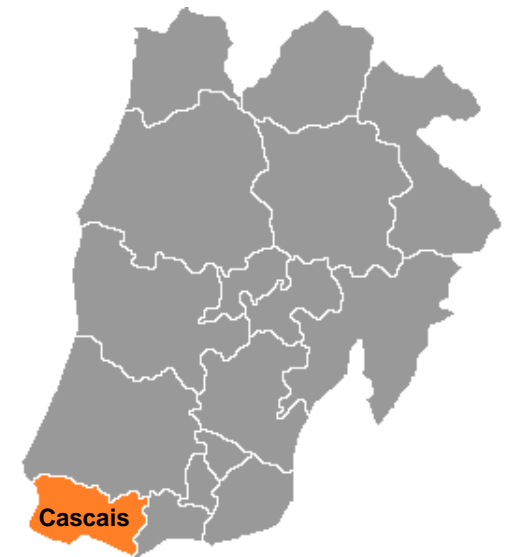
04

MARKET

ESTORIL/CASCAIS – POINTS OF INTEREST

- The tourism sector in Portugal promises to **maintain a strong growth rate this year, after registering a record growth**, when compared with the same period in 2013.
- Well known for its splendid white sand beach, the countless shops, the charming shopping streets and by its cosmopolitanism, the fishing village of Cascais has reinvented itself and became a refined seaside resort and one of the finest destinations of the Lisbon area.
- The picturesque town center is a maze of small streets, many of which were turned into pedestrian zones to allow easy access to the variety of shops, bars and restaurants that flank them.
- Another factor that makes the territory of Cascais a prime location is its proximity to Lisbon, a major economic, cultural and service center, where the major transport infrastructures (ports, air and rail) are located.

Lisbon district



ESTORIL/CASCAIS – POINTS OF INTEREST

- The Estoril Coast has several infrastructure to ensure that visitors can enjoy their favorite activities or organize their event in the best possible way:

The Marina of Cascais



Casino Estoril



Autodrome



Natural Park



Estoril Congress Center



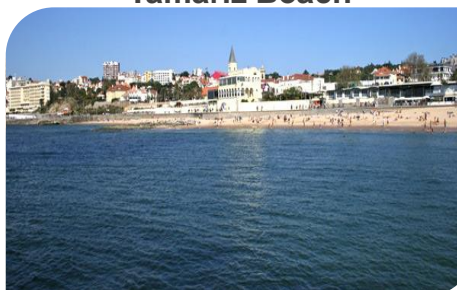
7 Golf Courts



Museums



Tamariz Beach

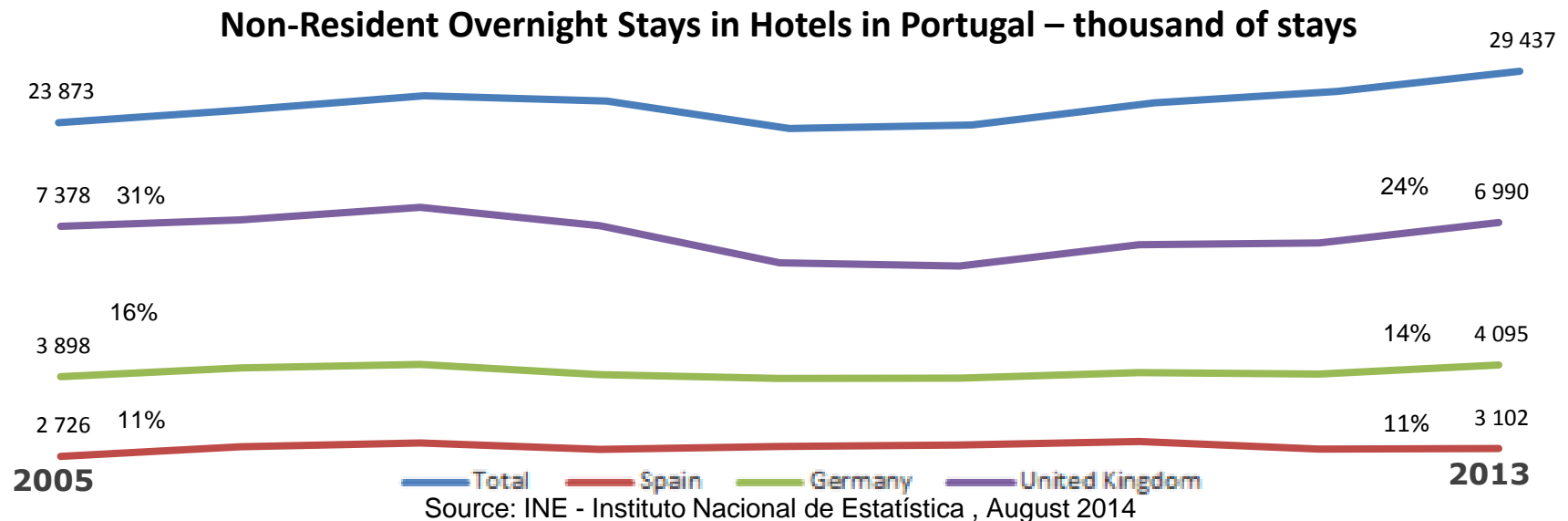


Hippodrome



MARKETS

- In recent years, the UK, Germany and Spain were the leaders of non-resident overnight stays in hotels in Portugal.



- From 2005 to 2013 the distribution of overnight stays within the main markets remained the same, with Spain representing 11% of the market despite an increase of 5,6 million of overnight stays in Portugal. As for Germany, it is verified an increase of 197 thousand overnight stays, however its share decreased from 16% in 2005 to 14% in 2013. The UK dropped by 388 thousand overnight stays which resulted in a decrease from 31% share in 2005 to 24% in 2013.

UNITED KINGDOM

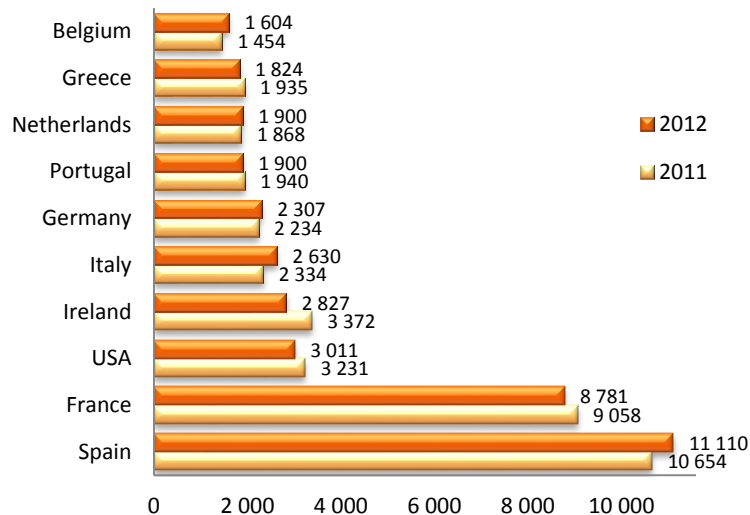


Information based on *Dossier de Mercado* published by *Turismo de Portugal*,
Nov. 2013

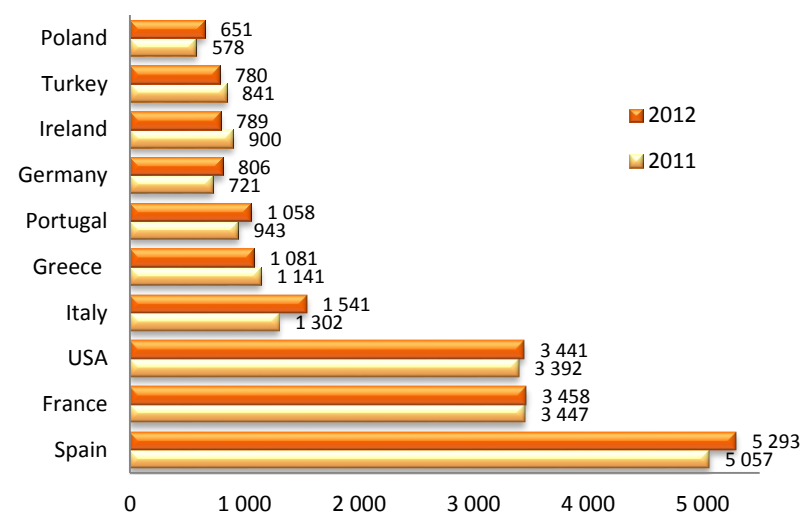
UNITED KINGDOM

- Looking at the TOP 10 destinations for UK tourists in 2012, Portugal held the 7th place with a share of 3,4%, and has recorded a 2% decrease compared to 2011 (by total number of tourists).
- Looking at the top 10 destinations for UK tourists by spending in 2012, Portugal is positioned in the 6 position, with a share of 3,3% of total expenditure in foreign markets and shows an increase of 12,2% when compared to 2011.

Top 10 destination countries - thousand of people 2011-2012



Top 10 destination countries by spending - million of £ 2011-2012

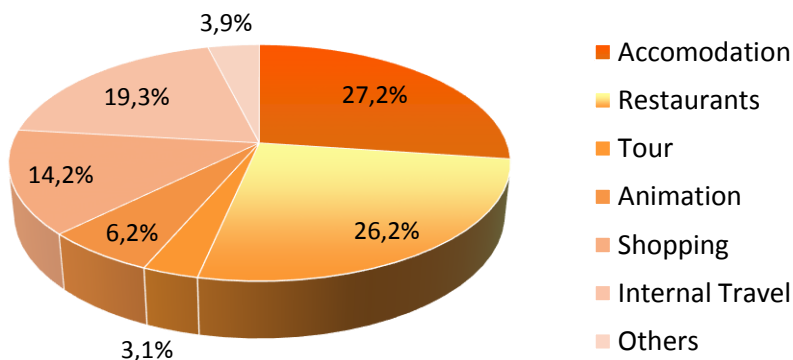


Source: Office for National Statistics - Travel Trends 2012 (April 2013)

UNITED KINGDOM

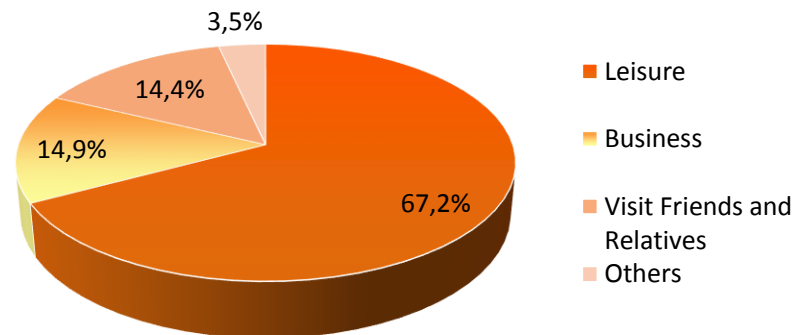
- In 2011, Accommodation, Restaurants & Internal Travel accounted for the largest share of expenditure on outbound by sector, with 27%, 26% and 19%, respectively.
- Looking at expenditure on outbound by motivation, in 2012, Leisure stood out from the others, with a share of 67%, followed by expenditure on Businesses and Visits of Friends and Relatives, with 15% and 14%, respectively.

Expenditure on outbound by sector - share 2011



Source: UK Tourism Survey

Expenditure on outbound by motivation - share 2012

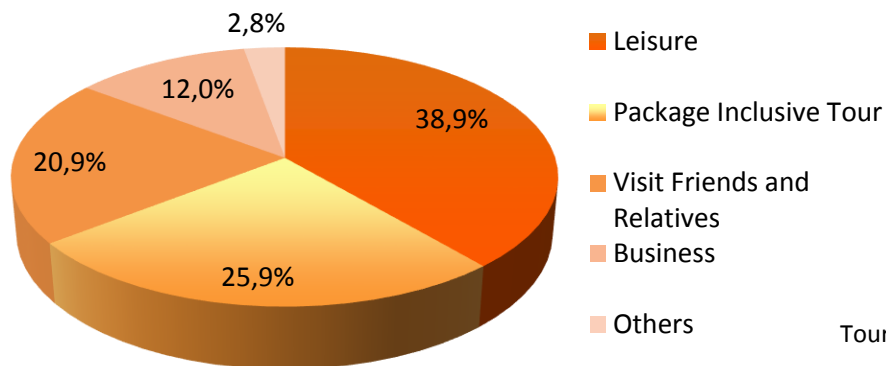


Source: Office for National Statistics - Travel Trends 2012 (April 2013)

UNITED KINGDOM

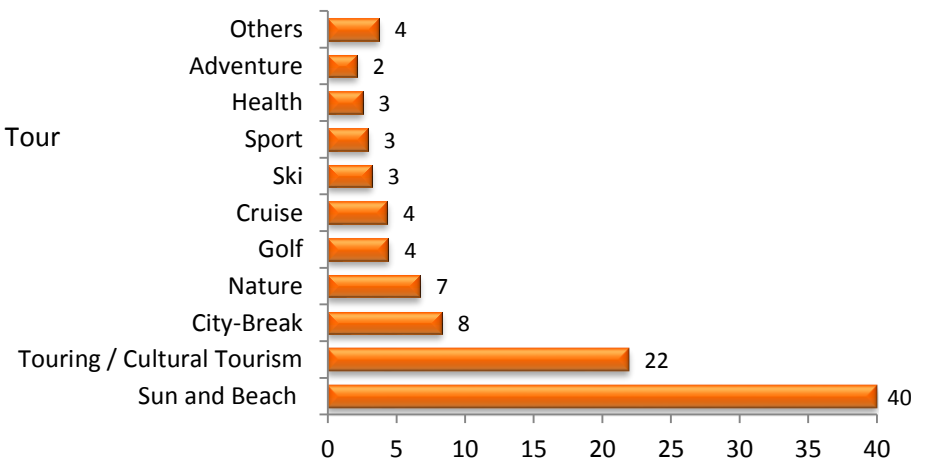
- In 2012, the highlight goes to the fact that most of the travelling abroad by British people were motivated by Leisure, representing 85,7% of the total travelling abroad (includes Leisure, Inclusive Package Tours and Visits to Friends and Relatives). Business has a share of 12,0%.
- In terms of products, in 2011, the Sun and Beach segment was the main component of Leisure, with a share of 40%, followed by Touring/Cultural Tourism with a share around 22%.

Demand motivation to go abroad - share of total tourists 2012



Source: Office for National Statistics - Travel Trends 2012 (April 2013)

Type of holidays by UK tourists abroad – share of leisure component 2011

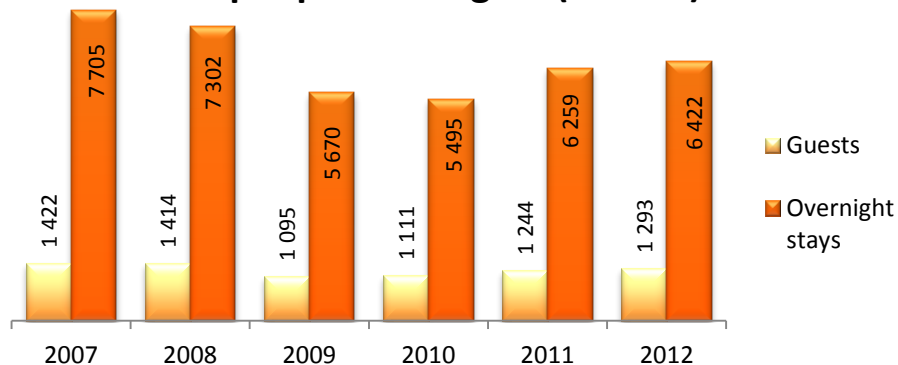


Source: IPK Internacional

UNITED KINGDOM

- The English market is the 1st foreign market in terms of number of overnight stays and guests. These two indicators show a sustained growth trend since 2010. In the field of revenues, the UK is second only to France, the 1st market in 2012.
- In terms of results until August 2013, the demand by the UK market had a very positive growth, with 8,6% of the guests and 10,8% of overnight stays on tourist enterprises.
- In terms of revenue, the post-crisis recovery started in 2010, but a fall of 1,1% can be observed in 2012, due to the contraction of the economy. The available figures for 2013 indicate a recovery.

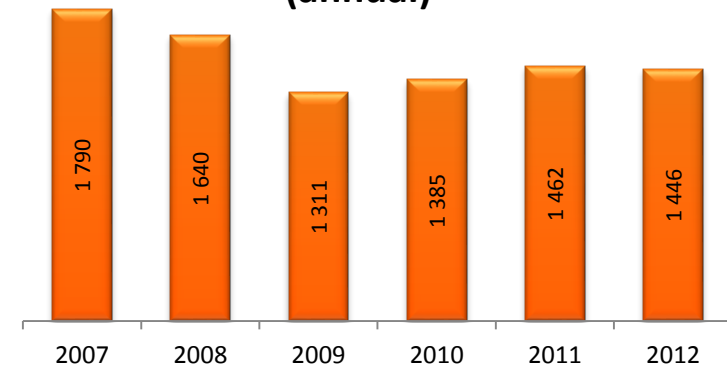
**Guests and Overnight stays (*) – thousand
of people and nights (annual)**



(*) Demand tourist enterprises

Source: INE - Instituto Nacional de Estatística, September 2013

**Tourism revenue- million of €
(annual)**

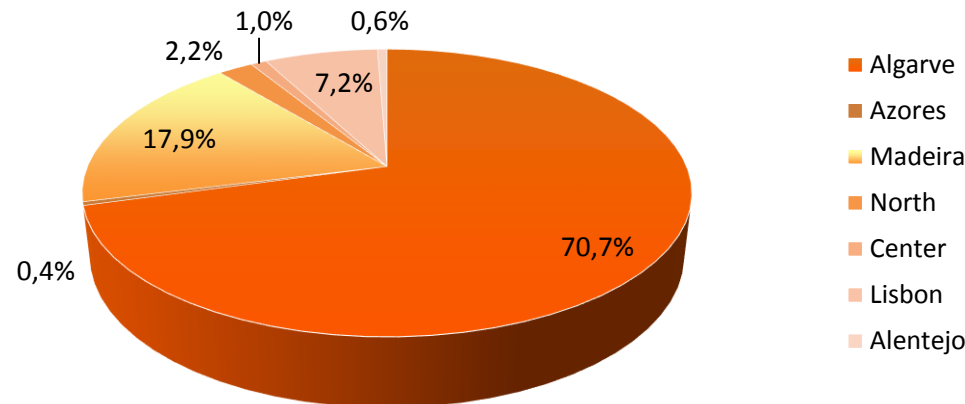


Source: Banco de Portugal, August 2013

UNITED KINGDOM

- The Algarve is the main destination for British tourists, with a share of around 70,7% in 2012. The growth of 7,1% in the number of overnight stays can be explained largely by air traffic capacity, the reduced rates of low cost companies and the notoriety that the destination enjoys in the market.
- The following destination is Madeira, with a share of 17,9%, although with a decrease of 13,5% in overnight stays. Lisbon has a less significant share, with 7,2%, but it has registered an increased of 6,4% when compared with the previous year. The North and Centre, alongside with Azores and Alentejo, are destinations with lower demand.

Overnight stays (*) by NUT's II - share 2012



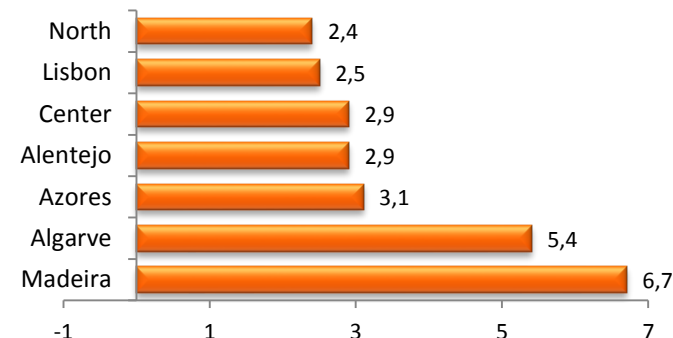
(*) Demand in hotels, resorts and holiday apartments

Source: INE - Instituto Nacional de Estatística , September 2013

UNITED KINGDOM

- Assessing the average stay of British tourists in Portugal, the highlights are Madeira (6,7 days) and the Algarve (5,4 days), and to a lesser extent, the Azores (3,1 days), while destinations more associated with operations packages present a shorter duration stay. In 2012, Lisbon had a average stay of 2,5 days and the average stay of the UK tourist in Portugal stood at 5,0 days.

Average Stay (*) in Portugal - number of days
2012



(*) Demand in hotels, resorts and holiday apartments
 Source: INE - Instituto Nacional de Estatística ,
 September 2013

- During their stays in Portugal, British tourists opt for traditional hotels, with a share of approximately 42,2% of total overnight stays.

Overnight stays by NUTS and type of accommodation - share 2012

Nuts II	Hotel	Type of Accommodation								Total
		5*	4*	3*	Hot- Apart	Inn	Holiday apar.	Resort	Others	
North	82,0	21,4	39,1	12,7	1,8	...	0,4	...	19,3	100
Center	71,5	13,0	25,1	25,1	1,9	7,4	1,0	12,8	13,8	100
Lisbon	83,1	27,9	36,3	14,8	10,3	...	0,8	1,6	8,0	100
Alentejo	29,9	3,6	16,7	6,3	50,1	...	1,3	...	7,7	100
Algarve	33,6	10,1	19,2	4,0	27,8	0,2	26,5	10,0	2,3	100
Azores	85,1	...	51,9	32,9	1,9	...	5,6	...	3,8	100
Madeira	52,0	...	23,3	1,0	37,5	...	0,3	2,8	7,4	100
Portugal	42,2	14,8	21,8	4,8	27,5	0,5	18,8	18,8	4,1	100

SPAIN

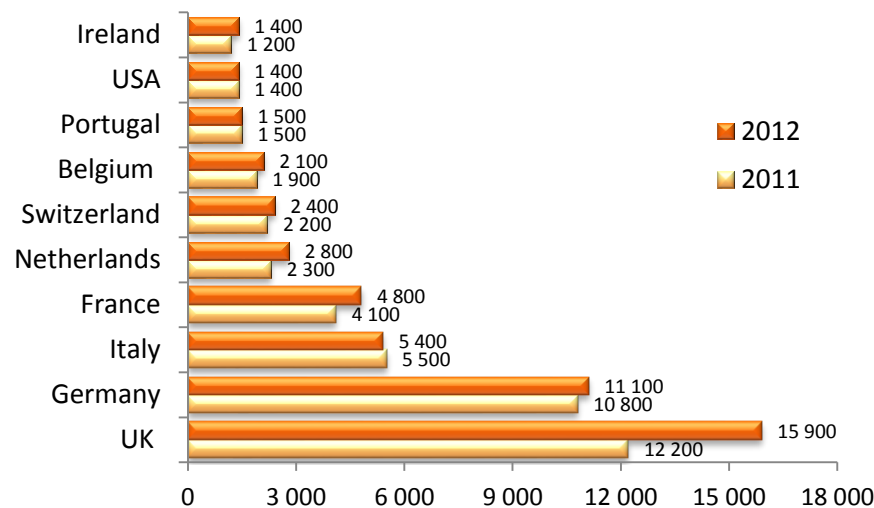


Information based on *Dossier Mercado* published by *Turismo de Portugal*,
Jan. 2014

SPAIN

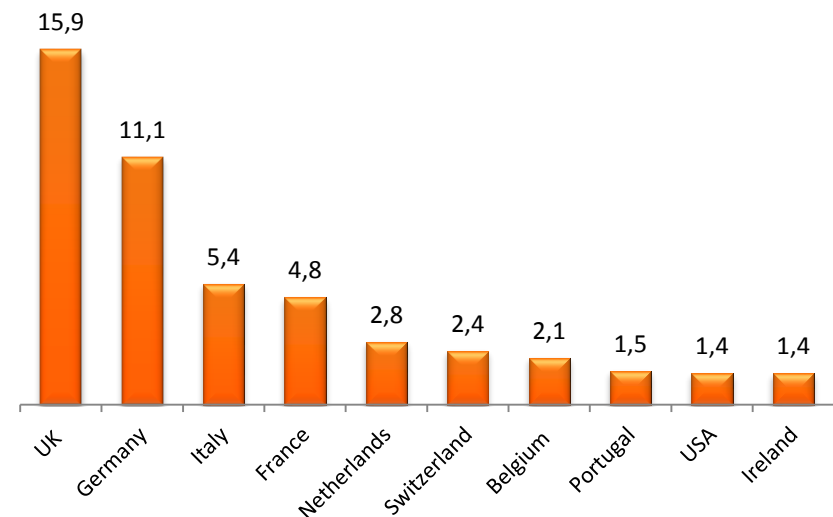
- In 2012, in terms of the total flow of international passengers flying from the Spanish market, the United Kingdom emerged as the market leader with a share of 15,9%. Portugal occupies the 8th position, holding a market share of 1,5% passengers.

Top 10 destination countries - thousand of people 2011-2012



Source: AENA - Aeropuertos Españoles y Nevegacion Aérea;
Equipa de Turismo Espanha

Top 10 destination countries - share of passengers 2012

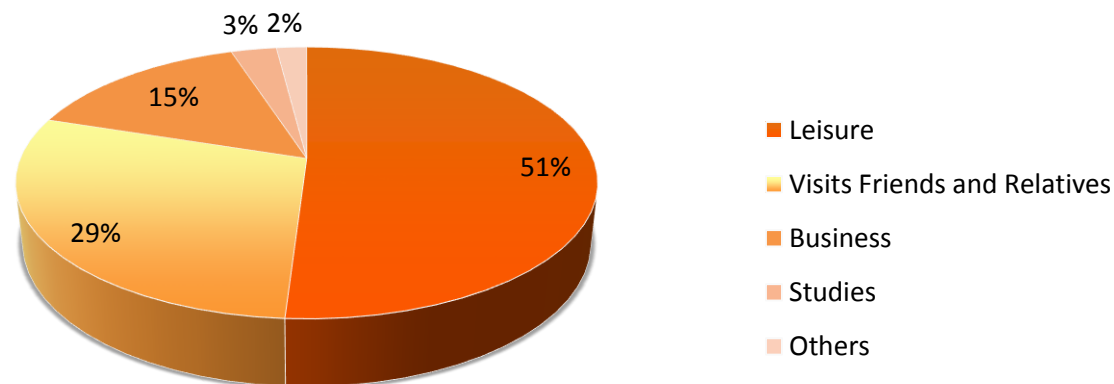


Source: AENA - Aeropuertos Españoles y Navegacion Aérea;
Equipa de Turismo em Madrid

SPAIN

- In 2012, most of travelling abroad by the Spanish were motivated by Leisure, accounting for more than half (80%) of all trips abroad (includes Leisure and Visits Friends and Relatives).
- Business and Studies concentrate a share of 15% and 3%, respectively.

Demand motivation to go abroad - share of total tourists 2012

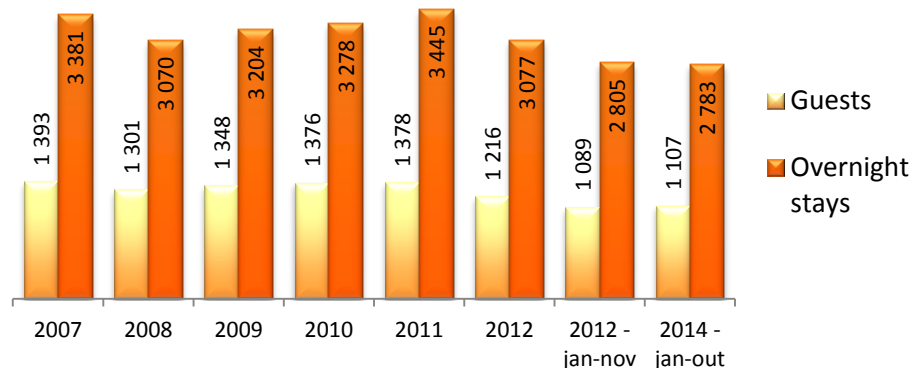


Source: IET - Instituto de Estudios Turísticos - Informe Anual de Familitur 2012

SPAIN

- Guests and Overnight stays show a trend of decrease since 2011. In the field of revenue, Spain reveals a sustained upward trend since the year 2009.
- It is also relevant to point out that it was in the post-financial crisis of 2008/2009 that a historical record was reached, namely the 1,4 million guests and 3,4 million overnight stays achieved in 2011.

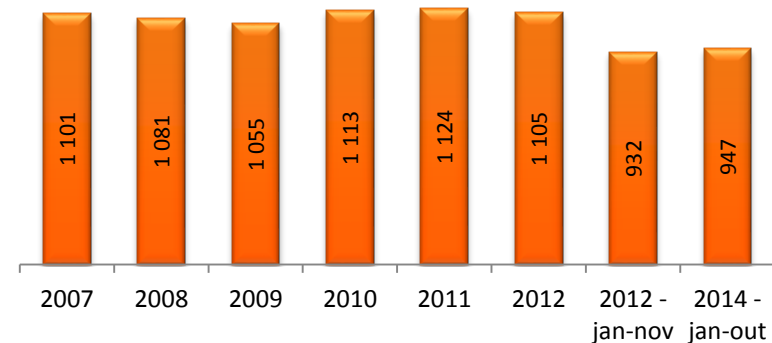
**Guests and Overnight stays (*) - thousand
of people and nights (annual)**



(*) Procura em estabelecimentos hoteleiros, aldeamentos e apartamentos turísticos

Source: INE - Instituto Nacional de Estatística

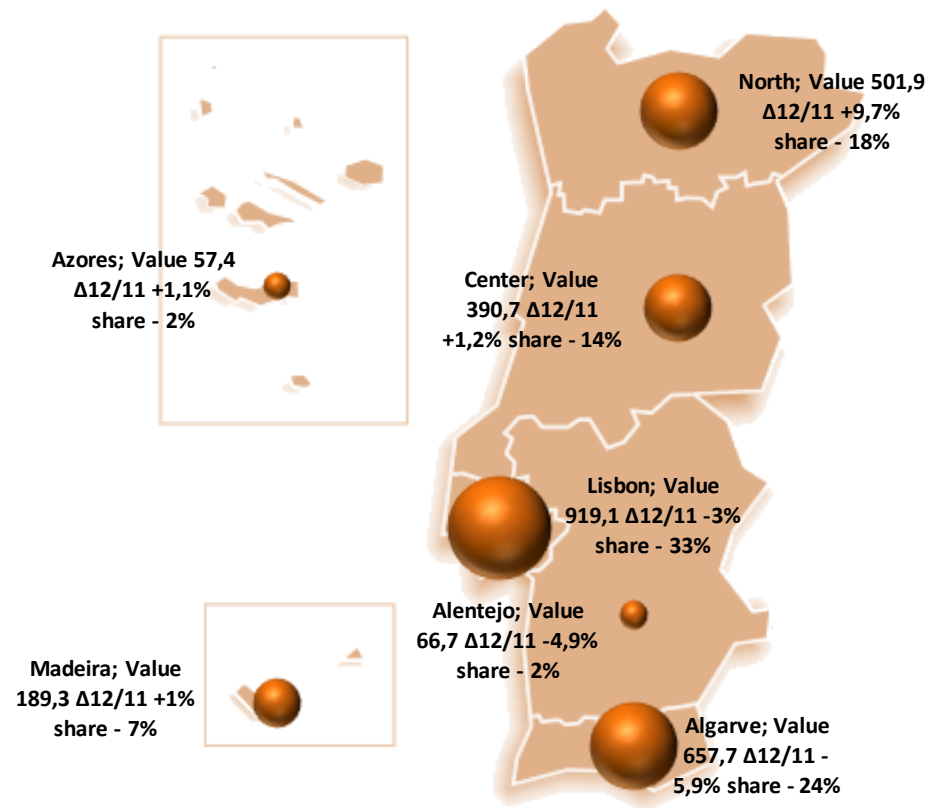
**Tourism revenue – million of €
(annual)**



Source: BP - Banco de Portugal

SPAIN

Overnight stays in the market- thousand; Δ % 13/12 - share (accumulated- October 2013)



- Despite a slight decrease in overnight stays, Lisbon remains the main destination for Spanish tourists, with a share of around 33% in 2013 (accumulated numbers until October).
- The next region is the Algarve, with a share of 24%.
- Azores, Madeira and Alentejo are destinations with lower demand.

Source: INE - Instituto Nacional de Estatística

SPAIN

- In the evaluation of overnight stays by NUTS II and type of accommodations in Portugal, in 2013, it was found that Spanish tourists opted for traditional hotels, with approximately 73,3% of total overnight stays taking place in hotels, with the highlights going for the 4 stars hotels.
- In Lisbon the same trend can be found, with approximately 85% of Spanish tourists opting for traditional hotels.

Overnight stays by NUTS and type of accommodation - share (Accumulated to October 2013)

Nuts II	Type of Accommodation									Total
	Hotel	5*	4*	3*	Hot- Apart	Inn	Holiday Apart.	Resort	Others	
North	88,7	13,4	37,4	23,3	3,9	1,5	0,3	...	20,3	100
Center	85,4	1,8	20,4	47,0	3,0	1,1	1,4	2,3	23,0	100
Lisboa	85,0	12,2	44,9	20,0	6,6	0,5	0,7	2,2	12,9	100
Alentejo	60,8	2,9	19,2	26,2	22,8	5,5	3,1	...	16,8	100
Algarve	40,0	8,3	20,6	8,2	22,7	0,7	27,1	6,9	5,6	100
Azores	94,0	...	68,9	16,1	1,4	...	...	...	2,4	100
Madeira	64,4	...	38,9	3,4	25,9	...	...	0,1	8,1	100
Portugal	73,3	10,4	33,8	20,6	11,0	0,9	7,1	2,8	13,5	100

Source: INE - Instituto Nacional de Estatística : ... subject to statistical secret

GERMANY

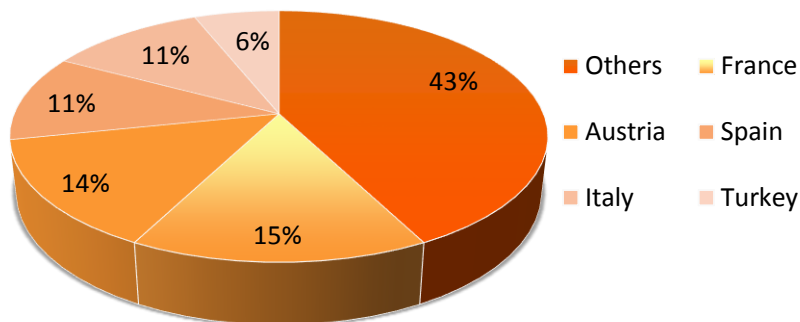


Information based on *Outlook Mercado* published by *Turismo de Portugal*,
March, 2014

GERMANY

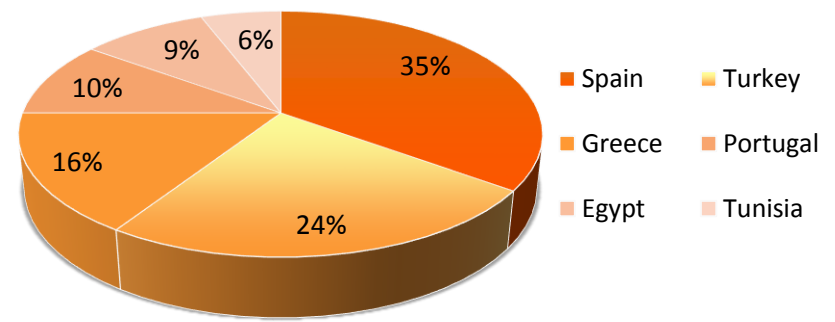
- In 2012, the main destinations of the Germans were France and Austria, concentrating 29% of outbound flows generated by this market.
- Looking at all destinations, Portugal occupies the 18th place, with a share of 0,9% in 2012.
- For 2013, the destinations of the Mediterranean Basin, which aroused more interest to German tourists were (in ascending order): Spain, Turkey, Greece, Portugal - slight increase in relation to previous year-, Egypt and Tunisia.

TOP 5 destination countries (*) - share 2012



Source: UNWTO – World Tourism Organization-
December 2013

Top 5 - Mediterranean countries of interest to germans - share 2013

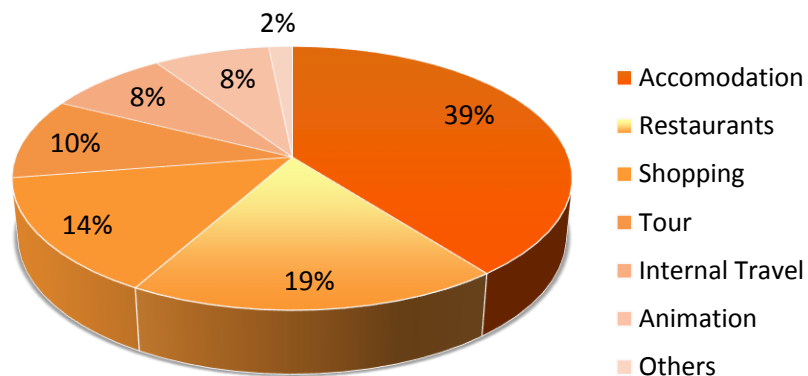


Source: RA- 2013

GERMANY

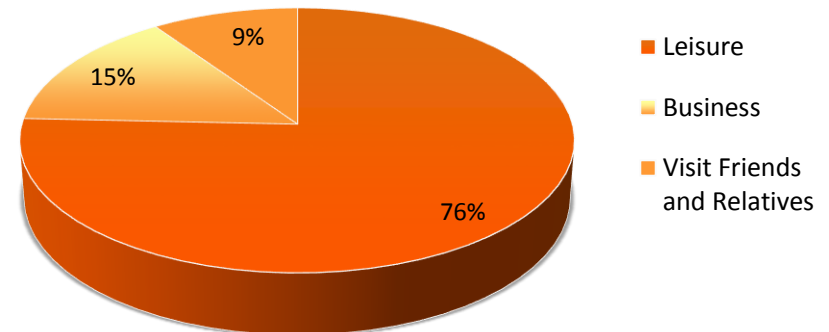
- Looking at tourist spending abroad, in 2012 the German market occupies the 3rd position globally (after China and the US), concentrating a share of around 8% (-0,5%).
- Spending by German tourists at the main destinations are related, to a greater extent, to accommodation (39%), followed by restaurants (19%) and shopping (14%).
- Leisure continues to be the main motivation for Germans to travel abroad, with a 76% share of total travelling by motivation.

Expenditures on outbound by sector - share 2012



Source: Deutsche Bundesbank 2013

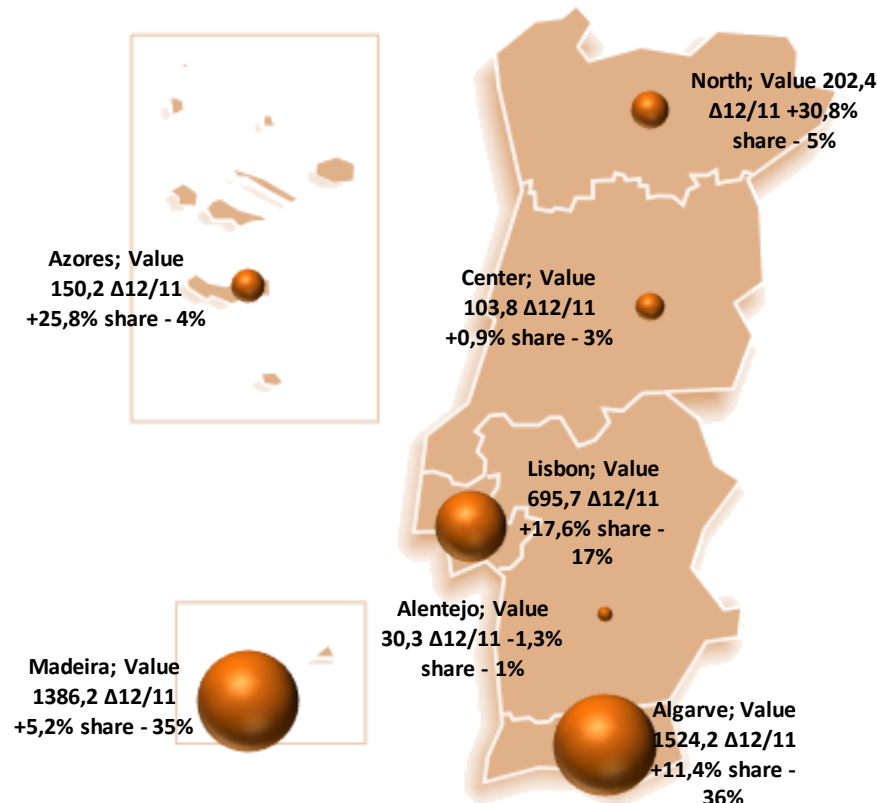
Expenditure on outbound by motivation - share 2012



Source: Trade Associations (Deutsche Zentrale für Tourismus)

GERMANY

Overnight stays in the Market- thousands; Δ % 13/12 - share 2013



- Algarve is the main destination for German tourists, with a share close to 36% in 2013.
- The next destination on the ranking is Madeira, with a share of 35% and Lisbon with 17%.
- Azores, Alentejo and Centro are destinations with lower demand.

Source: INE - Instituto Nacional de Estatística

GERMANY

- In the evaluation of overnight stays by NUTS and type of accommodation in Portugal, in the year of 2013 it was found that German tourists opted for traditional hotels, with a share of 65,4% of total overnight stays, with the highlight also going for the 4 star hotels with a share of 43,7%.
- Lisbon has the same trend, with about 87,6% of the German tourists staying in this region opting for traditional hotels.

Overnight stays by NUTS and type of accommodation – share 2013

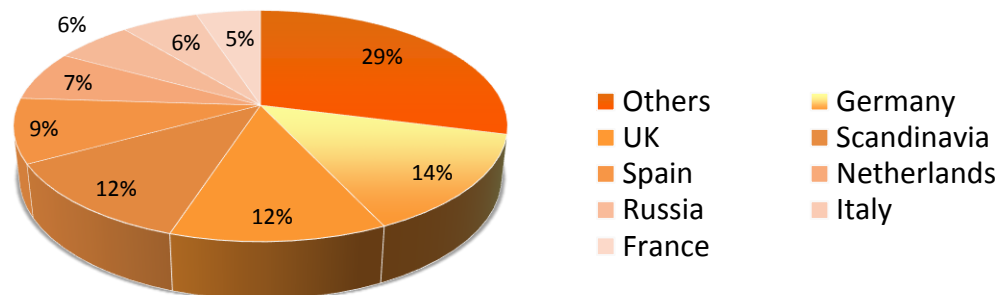
Nuts II	Type of Accommodation									Total
	Hotel	5*	4*	3*	Hot- Apart	Inn	Holiday Apart.	Resort	Others	
North	85,6	12,8	45,1	16,0	3,3	3,5	0,5	...	18,8	100
Center	79,3	13,2	28,8	30,0	2,9	3,5	2,9	2,4	16,3	100
Lisboa	87,6	18,3	47,9	14,4	3,8	0,8	0,4	1,4	13,0	100
Alentejo	60,5	4,8	28,5	16,9	14,7	15,9	4,0	...	15,3	100
Algarve	52,8	7,9	40,4	3,5	12,4	0,5	19,0	13,9	2,5	100
Azores	84,4	...	65,0	17,7	1,5	...	...	...	4,4	100
Madeira	62,0	...	44,2	5,7	24,9	...	...	0,5	11,3	100
Portugal	65,4	11,1	43,7	8,0	14,1	0,8	8,2	5,7	8,4	100

Source: INE -Instituto Nacional de Estatística : ... subject to statistical secret

CITY BREAKS

- Main motivation - to know a city and its monumental, architectural, cultural, business, gastronomic attractions, among others.
- Activity - short stays to visit various attractions of a city.
- Short stays in the city are important drivers of traveling in Europe as a result of preferences for frequent short trips, as well as the proliferation of low-cost routes. The annual growth of 2% to 3% registered on the last decade should increase to 5% to 6% in the coming years. It is a product that could help to diversifying the tourism demand out of the strict perimeter of the city, enhancing tourism attractions and business activity on surrounding areas.
- The main outbound markets of short stays at European level, are Germany, UK, Scandinavia, Spain, Netherlands, Russia, Italy and France (71% of the European market).

Outbound markets of short stays in city - share 2010

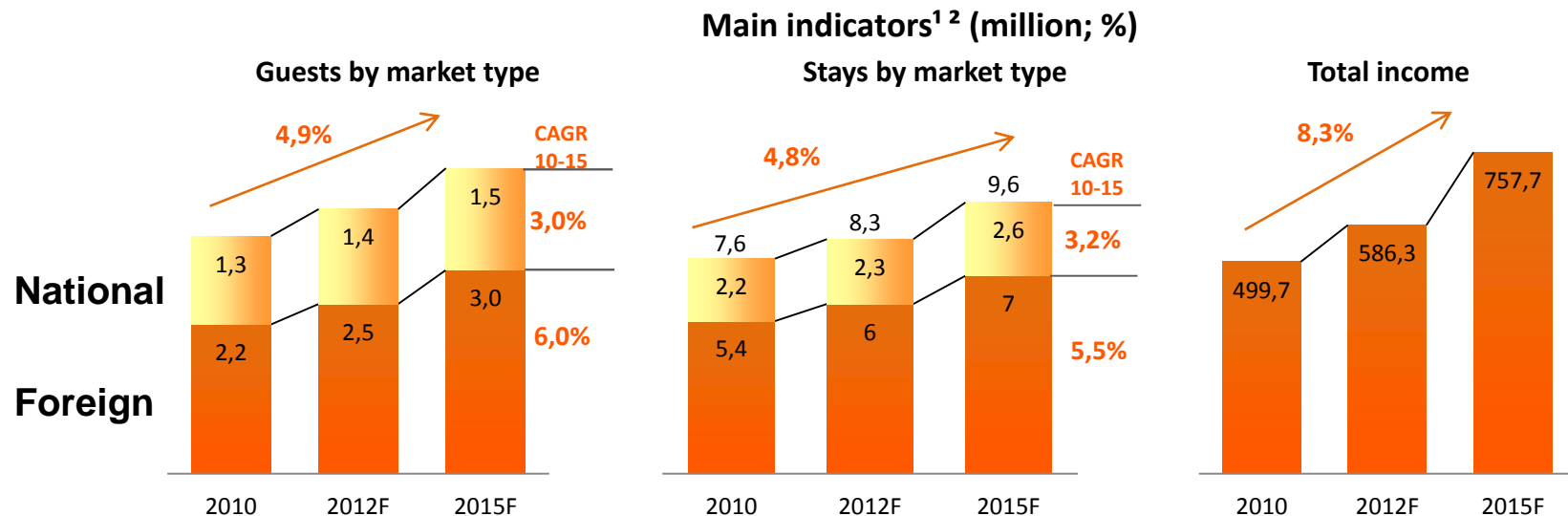


Sources: IPK International, Euromonitor International and Tourism Economics - analysis THR

Information based on *City Breaks* published by Turismo de Portugal

CITY BREAKS

- The region of Lisbon should take advantage of world tourism trends regarding growth of short breaks/city breaks to increase the number of guests and foreign overnight stays in the region, in line with the results achieved in 2010.
- Thus, it is expected that in 2015 Lisbon reaches 3,0 million foreign guests, roughly twice the number of national guests, and with 7,0 million foreign overnight stays and 2,6 million domestic overnight stays. As a result, revenues are expected to increase at an annual rate of 8,3%.



1) Includes just tourists in hotels, hot-apartments, holiday apartments, tourist resorts and pensions

2) Statisticly not includes west pole

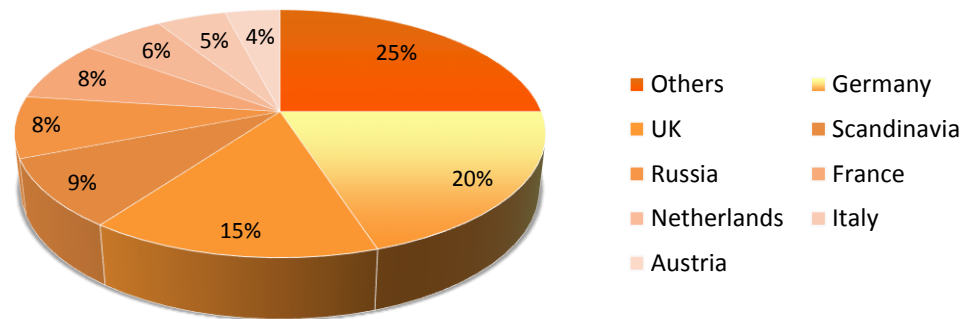
Source: Roland Berger

Information based on *City Breaks* published by
Turismo de Portugal

SUN AND BEACH

- Main motivation - Relax, sunbathing and perform low-intensity activities. The basic motivation that meets this product is directly related to the stable period, or climate.
- Activity - Sunbathing, deep sea fishing, golf, wellness activities, among others.
- Sun and Beach is the product of higher volume in Europe, with Germany and the UK as major outbound markets. It is also a strong inducer of seasonality on some destinations, once it concentrates 85% of demand in high season.
- The main outbound markets of Sun and Beach at European level are Germany, UK, Scandinavia, Russia, France, Netherlands, Italy and Austria (75% of the European market).

Outbound markets of Sun and Beach - share 2010

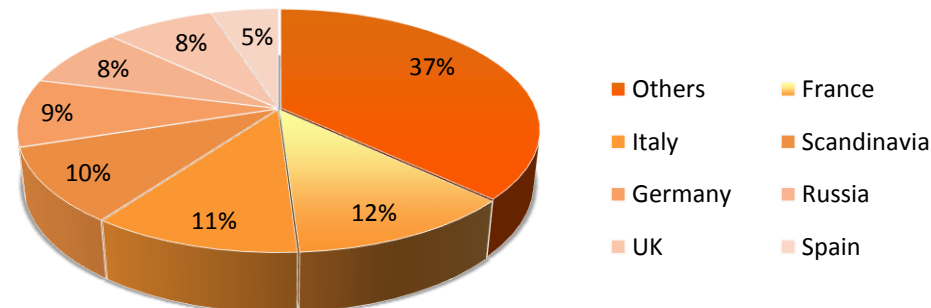


Sources: IPK Internacional, Euromonitor Internacional e
Turism Economics - análise THR

TOURING/CULTURE/RELIGION

- Main motivation - Discover, learn and explore the attractions of a region.
- Activity – Tour routes, other routes or circuits of different duration and extent, on independent and organized trips.
- The religious and cultural tours have been affected by the international crisis, however there is evidence of recovery. It is a resistant product, and the expectation is an average annual growth of 4% in the coming years.
- The main outbound markets of religious and cultural tours at European level are France, Italy, Scandinavia, Germany, Russia, UK and Spain (62% of the European market), markets of strategic importance when it concerns the development of this product in Portugal.

Outbound markets of tourist, religious and cultural circuits



Sources: IPK Internacional, Euromonitor Internacional e Turism Economics
- análise THR

Information based on *Touring* published by
Turismo de Portugal

COMPETITION

■ Blue Boutique Hostel & Suites

Guests can select multiple options to stay among them Suits, single rooms, family rooms or bedrooms. The Hostel offers terraces with sea views, indoor and outdoor bar, a relaxing garden, 24 hour reception service, also including breakfast, bar service, free Wi-Fi, private **parking**, games room and "Chill out" zone.



■ Pergola Guest House B&B

The interior of this house, which always belonged to the same family and has been welcoming guests for twenty-five years, is equally stylish. Inviting in all seasons of the year, on colder months breakfast is served with refinement by the fireplace and on sunny months, it is on the multiple tables organized in the garden.



■ Hotel Amazónia

Located near the beach of Cascais (Estoril), the Amazonia Estoril Hotel has a restaurant, a poolside bar, 28 rooms and public areas equipped with wireless internet.



COMPETITION

■ The Charm of Cascais

A small charming hotel in Cascais, of Portuguese traditional architectural features, luxurious but relaxed, with large gardens and located in a distinctive neighborhood near the center of Cascais, the Ocean and the Marina. It has 8 rooms, Pool, Restaurant, Bar, Tea Room and Lounge with pool table, sofas and a TV.

■ Dolce Cascais Guest House

Dolce Cascais is a charming Guest House situated in a residential area of Cascais that provides a bed & breakfast with a unique concept. It has 8 modern and cozy rooms, all with private bathroom. Continental breakfast is included as well as several optional services.

■ Hotel Lido

Located just 500 meters away from the famous Casino Estoril, the Lido Hotel has an outdoor pool located in the middle of landscape gardens. The hotel offers wide rooms with balconies and private bathroom, some of them offering amazing views of the coast.



OCCUPANCY RATES

Occupancy rates by NUTS II and months

Room / 2013													
Nuts II	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
North	24,9	29,8	38,3	40,1	54,4	56,3	56,0	67,3	63,1	51,7	38,6	30,0	45,9
Center	19,3	25,4	33,1	31,5	40,0	40,9	41,4	58,0	49,1	39,3	28,2	21,2	35,8
Lisboa	36,1	43,7	55,2	63,6	76,1	74,9	72,7	81,1	82,2	73,4	51,9	37,7	62,5
Alentejo	22,9	28,4	34,5	37,7	41,5	45,3	45,4	60,0	50,3	42,0	35,2	25,0	39,2
Algarve	26,1	41,9	48,4	47,3	59,7	73,8	81,5	91,3	81,9	58,1	30,0	21,0	57,4
Azores	16,6	25,3	33,4	45,0	53,7	63,3	77,5	79,3	68,4	49,3	24,4	16,9	46,2
Madeira	43,5	54,6	58,4	62,5	72,9	72,5	76,4	81,5	79,2	64,3	53,2	43,6	63,9
Portugal	29,4	38,0	46,3	49,7	61,1	64,3	66,3	76,4	71,6	58,1	40,5	30,6	53,2

Room - Δ 2013 / 2012 p.p.													
Nuts II	Jan	Fev	Mar	Abr	Mai	Jun	Jul	Ago	Set	Out	Nov	Dez	Total
North	-2,7	-4,9	0,6	-4,5	5,9	6,0	4,1	3,3	3,0	7,6	5,0	1,6	2,2
Center	-1,7	-1,8	0,8	-7,1	1,9	2,7	-1,9	0,7	0,0	2,7	2,6	-1,2	0,0
Lisboa	-4,6	0,1	0,9	-3,3	5,1	5,5	1,4	1,2	3,3	4,5	2,2	-1,3	1,3
Alentejo	-1,2	-0,9	0,8	-5,3	-2,9	0,3	-2,5	1,1	-3,2	2,7	5,4	1,9	-0,2
Algarve	-1,1	4,6	1,1	-4,7	2,8	4,4	2,2	1,9	2,9	2,1	-0,3	-1,9	2,0
Azores	-0,8	2,0	3,7	5,1	3,4	9,4	9,8	2,4	9,7	13,8	1,3	0,2	4,6
Madeira	5,4	10,1	8,3	1,0	7,5	9,2	6,3	2,9	7,3	6,5	3,5	4,2	6,1
Portugal	-1,7	0,9	1,8	-3,6	4,2	5,4	2,3	1,9	3,3	4,9	2,5	0,0	2,0

Source: TP - Turismo de Portugal

Notes: rates calculated without villages, tourist apartments and pensions

Last Updated on 5/16/2014 - provisional data

Looking at per room occupancy rate in 2013, it is verified that the Lisbon region, together with the Madeira, has the **highest annual rates, with 62,5% of occupancy rate**. Regardless of having a occupancy rate already considered high, the Lisbon region achieved a **growth of 1,3 percentage points when compared to 2012**.

OCCUPANCY RATES

- In order to calculate the occupancy rates in Cascais it was considered:
 - Estimates of the evolution of tourism in the region;
 - It exists less hotels in the region when compared to the offer in the region of Lisbon;
 - There are a set of events and points of interest that can be considered as some of the most demanded touristic products of our country.
- It should be noted that, in relation to the evolution of the estimates, and according to the City Hall of Cascais, tourism in the council reached a record of 1.137 million overnight stays in 2012, 3% more when compared to the previous year, with most tourists coming from Germany and Scandinavia and the average stay exceeding three days.
- This increase, according to Carlos Carreiras, the president of City Hall of Cascais, appears in "counter cycle with other tourist destinations, which can be explained by the consistent policies of revitalization of local promotion"*.

*Source: Notícias ao Minuto, 22 of March, 2013

OCCUPANCY RATES

Occupancy rates Lisbon	Year	Average
	2012	61,2%
	2013	62,4%
	2014	65,5%

Occupancy rates Lisbon	Year	Average
	2015	66,8%
	2016	68,1%
	2017	69,5%
	2018	70,9%
	2019	72,3%

Occupancy rates Cascais	Year	Average
	2015	68,5%
	2016	69,8%
	2017	70,9%
	2018	72,0%
	2019	73,1%

In the first half of 2014, **the Region of Lisbon grew by 5%**, and it is assumed that this growth will continue until the end of the year.

Based on these data, it was considered that, by 2019, **occupancy rate in the region will grow at a pace of 2%/year.**

It is expected that occupancy rate in the **Cascais region is at least 2,5% higher** than occupancy rate in the Lisbon region.

Note: It is considered that the monthly occupancy rate will not exceed 90% in any month of the year.

SWOT ANALYSIS

STRENGTHS

- Spacious suites with private bathrooms;
- Outdoor space with pool and garden;
- Personalized support to guests;
- Family environment;
- High quality decoration;
- Location in the center of Estoril;
- Accessibility for people with reduced mobility;
- Competitive cost of accommodation when compared to competition.

WEAKNESSES

- Substantial initial investment;
- Number of available Rooms;
- Licensing as local accommodation needed at an early stage.

OPPORTUNITIES

- High tourist offer, in terms of events and infrastructure;
- National tourist potential and internationally recognized;
- Growth of the city breaks segment at a world level, that suits the region;
- High possibility of partnerships with other tour operators;
- Existence of qualified human resources trained at the *Escola de Hotelaria e Turismo do Estoril*.

THREATS

- Worsening of the domestic economic crisis;
- Possibility of an increase of VAT rates for the hotel sector;
- New ventures that can appear in the Cascais area.

STRATEGY

CONCEPT

- Based on the research conducted and on the SWOT analysis of the project, it was defined the strategy to be implemented, in order to achieve a high occupancy rate.
- The first step of this strategy involved the definition of the ideal guest of the tourist complex which will have the following characteristics:
 - Motivation: **Visit the area of Cascais**, enjoying the good weather and the existing tourist attractions;
 - Type of stay: **high quality custom services**, boutique hotels, 4-5 star hotels and with charm;
 - Length of stay: 3-4 days;
 - **Number of guests: 2 (DINK – Double Income with No Kids);**
 - Average daily spending: > €150/day per guest;
 - Birthplace: Germany, Spain or the UK.

ACTIVITIES TO BE UNDERTAKEN

- In order to reach the desired guest profile it was defined the following action plan:
 1. Definition of the architectural project;
 2. Investment in remodeling and decorating;
 3. Image definition and an online communication plan;
 4. Creation of a support team for the project.

- The architectural project will be developed on the basis of the combination and merge of two concepts: hospitality and hotel business. These concepts touch each other and have the following basic idea - the act of receiving one or more persons. However, they also differ, because hospitality has the image of the pure affective hosting without charge, and the hotel business has a fee implied and the objective of profit gain.

- Regarding the investment in remodeling and decorating, it is planned the use of **materials and decorative equipment of high quality**, with a 20 thousand euros investment ratio per available room. With this level of investment the intention is to give guests maximum comfort in their stay, increasing the possibility of return or the communication of a pleasant experience.

ACTIVITIES TO BE UNDERTAKEN

- In order to differentiate from the competition, the promoters intend to make an investment on the creation of an **appealing image for the guest profile that was defined**. With respect to the image and name to be used it is intended that it can be easily grasped by foreign users.

- Regarding the creation of the website, it is intended that the development team has two basic concerns, 1) attractive image, with pictures of high quality of the potential of the complex, 2) complemented with the installation on the website of a **simple booking process (high concern for user experience)**. This concern intends to optimize the reservation process through the website, reducing reserves through online agencies and consequently, the fees to be paid for these services.

- In parallel with the website it shall be created **profiles on various social networks**, which should be activated in early 2015 with the launch of the image of the complex. In this field the intention is to display the latest pictures of the construction and decoration of the space, in order to have, before the start of the business, the first feedback from potential guests.

ACTIVITIES TO BE UNDERTAKEN

- On this stage of the online communication an investment should be made, in time and value, in order to communicate the start of the business, creating a strong base of "likes" on profile pages of the complex. In order to strengthen this communication it is suggested the **implementation of promotional campaigns** for first guests, in order to have high occupancy rates since day one.
- A key point at this stage is the implementation of a procedure to gather emails and contacts from guests and potential guests, in order to implement a **monthly newsletter and regular email campaigns**, to increase interaction between the complex and its customers (**events taking place in the region should be promoted**).
- Regarding the activity of creation of the international team, the main concerns are to create a **team fluent on various languages**, so they can communicate with guests that will be, mostly foreigners.

ACTIVITIES TO BE UNDERTAKEN

- One of the concerns of the promoters will be to ensure a **permanent service on the reception**, in order to meet guest needs, making sure that a high service level can be maintained. The suggested option is to hire three full-time resources, complemented with an extra resource on part-time and also the two promoters of the project.
- In order to maximize the quality of services offered it is suggested the establishment of partnerships with the *Escola de Hotelaria e Turismo do Estoril*, which is responsible for the training of young executives and professionals in the tourism sector on the areas of hotels and restaurants. The goal of the partnership is to provide internships in the complex, by students of this school.

OBJECTIVES

- The strategy defined aims to achieve a set of objectives established for the Estoril Charming B & B, which are classified according to 4 analytical perspectives: financial; customers; processes; and resources.
- Financial perspective:
 - Turnover of around 243.000 euros in 2019;
 - Volume of International Business greater than 60%;
 - Revenues through partners over 2 thousand euros in 2019;
 - EBITDA over 25% of sales in 2019.
- Customer perspective:
 - Implement the business in the German, Spanish and UK markets;
 - Have Occupancy rates over 65%/year;
 - Have customer satisfaction ratings above 90%;
 - Have customer satisfaction rates above 80% (classified as excellent on TripAdvisor).

OBJECTIVES

■ Processes perspective:

- Implement customer satisfaction monitoring system;
- Implement regular communication system with former/potential guests;
- Continuously implement energy efficiency processes;
- Continuously implement environmental enhancement processes.

■ Resources perspective:

- Create a team of 6 members for the implementation of the project (these six members include the two partners of the company, which at this stage will not be paid and will perform management functions);
- Include on this team qualified employees on the tourism sector.



INVESTMENT

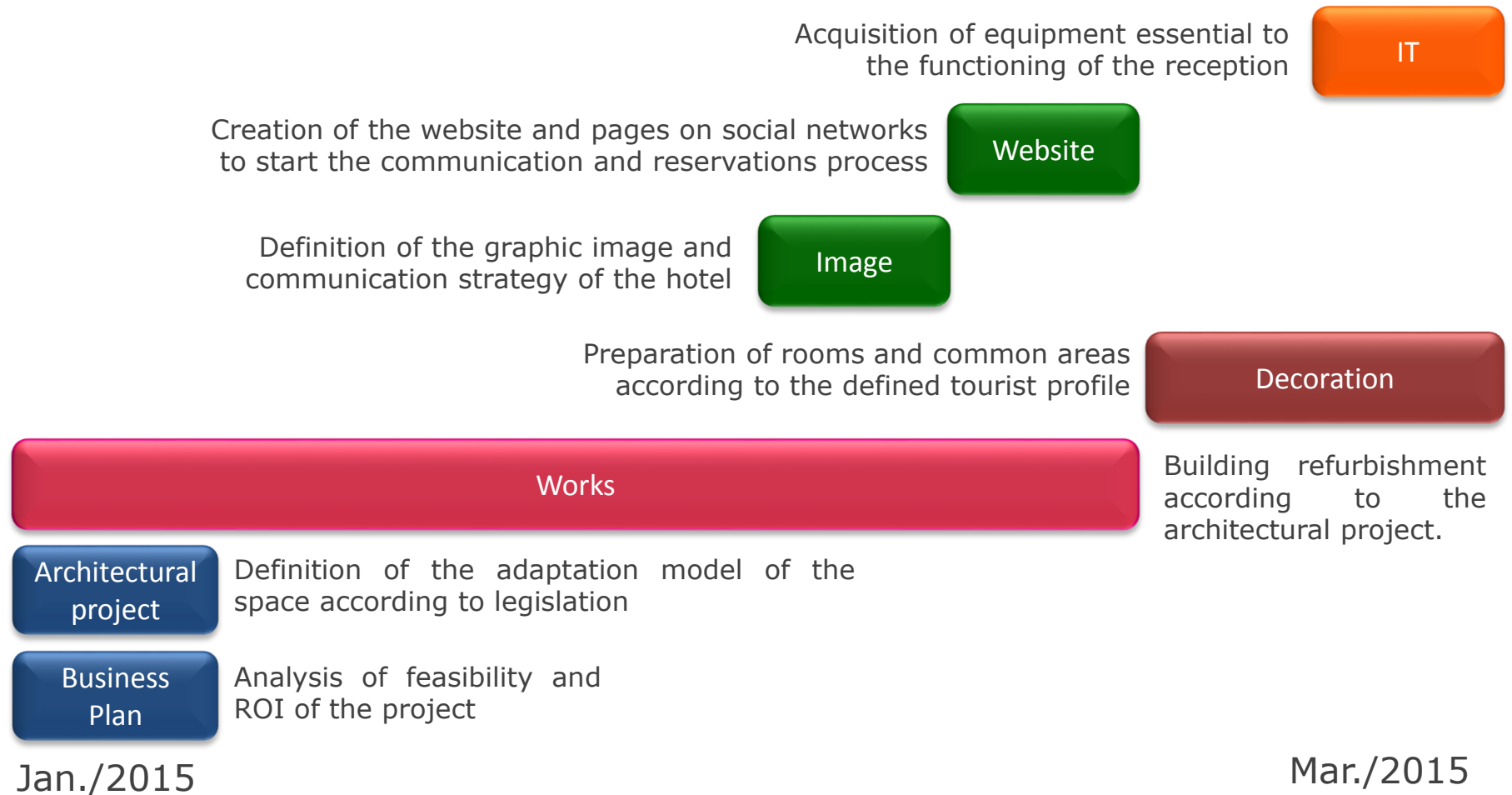
QUANTIFICATION

- For the start of the complex, according to the strategy, it is necessary to perform a set of investments related to the preparation of the property to accommodate tourists with quality.

Nr.	Investment Description	Investment (€)
1	Business Plan	2.000
2	Remodeling Works	100.000
3	Decoration of the Rooms and Common Areas	50.000
4	Definition of the graphic image	2.000
5	Creation of the website	2.000
6	Acquisition of IT equipment	1.500
7	Architectural project	3.000
Total Investment		160.500

- From a global investment estimated in 160.500 euros, the vast majority is related to remodeling works and decoration of the rooms and common areas of the complex.

TIMING



The background of the slide features a collection of white, 3D-style speech bubbles and icons on a light blue background. The icons include a computer monitor, a house, an envelope, a globe, and the word 'ok'. Some bubbles contain three dots, indicating ongoing communication or a list. The overall theme is digital communication and business services.

FINANCING

FINANCING MODEL

- To support the investment to be made on the construction of the complex it is planned four different funding sources:
 1. Equity from partners - To finance the project the promoters consider the **injection of equity** on the amount of **€15.000** (fifteen thousand euros).
 2. Bank Loan - Promoters consider as well, as a funding source, the granting of a **bank loan in the amount of €180.000** (one hundred eighty thousand euros) with a term of 10 years including 3 years of grace. Financial costs of the operation correspond to a Euribor rate of 0,39% plus a 4% spread. It was also considered a 4% stamp tax.

Bank Loan	Years									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Initial Debt	180.000,00	180.000,00	180.000,00	180.000,00	154.285,71	128.571,43	102.857,14	77.142,86	51.428,57	25.714,29
Reimbursement				25.714,29	25.714,29	25.714,29	25.714,29	25.714,29	25.714,29	25.714,29
Final Debt	180.000,00	180.000,00	180.000,00	154.285,71	128.571,43	102.857,14	77.142,86	51.428,57	25.714,29	0,00
Interest and Other Fin. Costs	8.257,39	8.257,39	8.257,39	7.470,97	6.291,35	5.111,72	3.932,09	2.752,46	1.572,84	393,21

The absence of reimbursement in the early years of the project life is essential so that the goals of annual turnover can be achieved and sufficient value can be generated to meet financial commitments of the business.

FINANCING MODEL

3. IEPF subsidies - It was also considered as a funding source, a state **support for hiring, to be given by the IEPF** (*Instituto do Emprego e Formação Profissional*), **on the amount of €19.368** (nineteen thousand, three hundred sixty-eight euros). As such, according to the measure *Estímulo Emprego* - an employment allowance from the portuguese government, it was considered for IEPF subsidies calculation the following:

$12 \text{ months} * 1,1 \text{ IAS}^1 * \text{number of employees to be hired}$

4. VAT refunds - It is considered on the business plan the elaboration of applications for **VAT refund concerning the investment to be made, on the amount of €36.915** (thirty-six thousand, nine hundred and fifteen euros) in order to minimize the project's financing needs in its early stage.

Financing	Years		Total
	2015	2016	
Equity From Partners	15.000	0	15.000
Bank Loan	180.000	0	180.000
IEFP subsidies	9.684	9.684	19.368
VAT refunds	36.915	0	36.915
TOTAL	241.599	9.684	251.283

On the model proposed it is considered that the promoters will **assume 6% of project financing**, in return of a **bank loan of 72%** and the **support from the state that equals 22%**.

FEASIBILITY STUDY

ASSUMPTIONS

- For the preparation of the business plan a set of assumptions were followed in order to determine the evolution of the company on a time frame that goes between 2015 and 2019 (which is considered to be the cruise year of the project).

General Assumptions	Years				
	2015	2016	2017	2018	2019
Inflation Rate	0,4%	1,0%	1,1%	1,2%	1,3%
Wage Growth Rate	0,4%	1,0%	1,1%	1,2%	1,3%
Whitholding Income Tax- average rate	6,0%	6,0%	6,0%	6,0%	6,0%
Employees N.I. contributions	11,0%	11,0%	11,0%	11,0%	11,0%
Employers N.I. contributions	23,75%	23,75%	23,75%	23,75%	23,75%
Average Collections Period (days)	30,0	30,0	30,0	30,0	30,0
Average Payment Period (days)	30,0	30,0	30,0	30,0	30,0
Operating Cash (% of sales)	5,0%	5,0%	5,0%	5,0%	5,0%
Hotel Industry VAT	6,0%	6,0%	6,0%	6,0%	6,0%
General VAT	23,0%	23,0%	23,0%	23,0%	23,0%
Corporation Tax (< 15.000)	17,0%	17,0%	17,0%	17,0%	17,0%
Corporation Tax (> 15.000)	21,0%	19,0%	18,0%	17,0%	17,0%
Municipal Tax (> 300.000)	1,5%	1,5%	1,5%	1,5%	1,5%

HOTEL REVENUES

- In order to calculate the occupation of Estoril Charming B & B it was weighted the tourist occupation of Cascais and the offer of the complex over competitors.
- With a similar position in terms of supply and quality of services, factors such as the location and price are considered decisive on the choice of the accommodation by potential tourists visiting the region.

Project Prices vs Competitors	Project/Months	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dez	Average
	Charming Estoril	85	85	85	100	100	120	130	130	130	120	100	85	106
	Blue Boutique Hostel	89	89	89	109	109	109	109	109	109	89	89	89	99
	Pergola B&B	80	80	80	116	116	116	135	135	116	116	80	80	104
	The Charm of Cascais	112	112	112	134	134	167	167	185	185	134	134	112	141
	Hotel Lido	44	44	44	50	79	89	99	99	89	79	44	44	67
	Hotel Amazônia	76	76	76	120	120	140	150	150	140	140	76	76	112
	Villa Unika - Estoril.	104	104	104	125	125	135	160	160	135	135	135	135	130

- In terms of average price it turns out that the project has a price lower than the average of the competition, with the exception of Blue Boutique Hotel (where part of the rooms are wards) and the Hotel Lido (where there is a greater number of accommodations).
- This advantage in the average price will bring a competitive advantage with reflection on the occupancy rate.

HOTEL REVENUES

- Regardless of these data, at an early stage, due to the recent start of the business, it was considered that at the project start, occupancy rates will be lower than the observed rate for the Cascais region.
- Until the end of 2015 it was assumed that occupancy rates will be 60% of the rate registered on the region.
- In 2016 the figure rises to 80% and only in 2017 regional average will be reached.
- In 2018 taking in account the competitive advantages of the space, the time that the business will be on the market and the small size of available rooms, it was considered occupancy rates 10% above the region average.
- By 2019 this figure rises to 20% above the region average.

Ocupação Hotel	Years / Months	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dez	Average
	2015	Closed			44%	50%	48%	49%	53%	53%	47%	34%	25%	45%
	2016	34%	39%	49%	60%	68%	65%	67%	72%	72%	64%	46%	34%	56%
	2017	43%	50%	63%	76%	87%	83%	85%	90%	90%	81%	58%	44%	71%
	2018	49%	56%	71%	86%	90%	90%	90%	90%	90%	90%	65%	49%	76%
	2019	54%	62%	79%	90%	90%	90%	90%	90%	90%	90%	73%	55%	79%

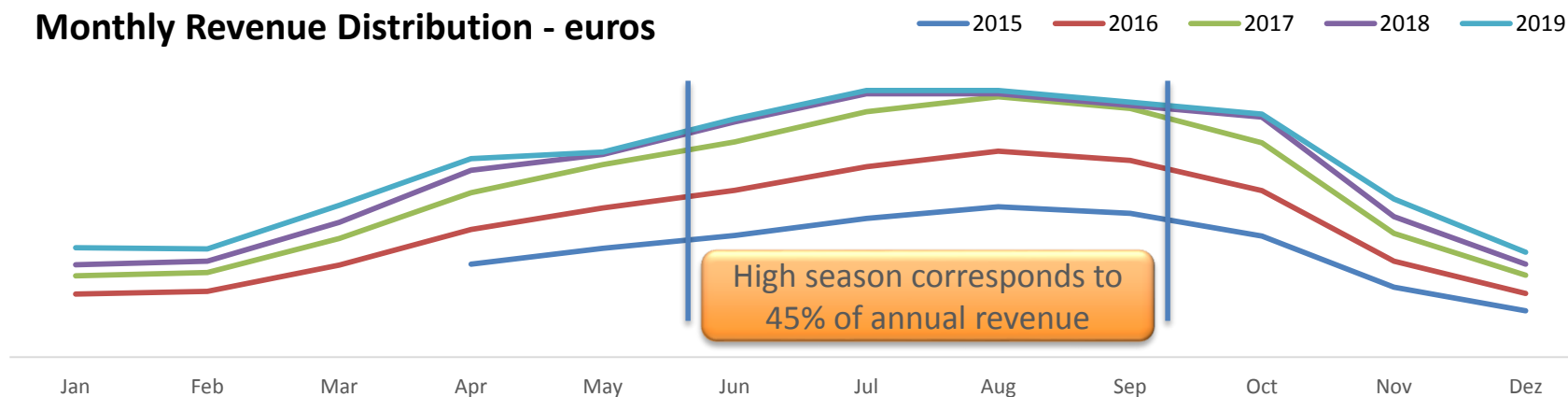
- It is also considered as an assumption that occupancy rates will not exceed 90% in any month of the year.

HOTEL REVENUES

- Based on the available suites, on the occupancy rates and on the average prices mentioned (updated according to inflation) the expectation of revenue in the hotel component will rise from 100.000 euros in the first year of activity, to values close to 230.000 euros, on the fifth year, considered as cruise year.

Hotel Revenues 2015-2019	Years / Months	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dez	Average
	2015	Closed			9.374	10.970	12.266	13.995	15.181	14.510	12.223	7.046	4.670	100.236
	2016	6.367	6.625	9.289	12.876	15.069	16.848	19.224	20.781	19.853	16.790	9.678	6.414	159.813
	2017	8.207	8.540	11.973	16.597	19.424	21.718	24.780	26.262	25.089	21.643	12.476	8.268	204.977
	2018	9.318	9.697	13.595	18.846	20.444	23.741	26.577	26.577	25.390	24.218	14.166	9.388	221.957
	2019	10.504	10.930	15.325	20.022	20.710	24.050	26.923	26.923	25.720	24.533	15.968	10.582	232.187

Monthly Revenue Distribution - euros



OTHER REVENUE

- It was also considered revenue not related to hotel normal activity, namely related to cafeteria services, the sale of local products, cakes, tea, water and other beverages in the complex. It was considered for this type of income that 40% of the guests will have an average daily spend of €10, updated according with inflation.
- It was also considered revenue derived from project partners commissions, such as restaurants or tourist animation agents (boating, events, among others) that will be promoted to complex guests. It was considered that 20% of guests will use these services, which will generate an average commission of €5, updated according to inflation.

Revenues by Activity	Years				
	2015	2016	2017	2018	2019
Number of Guests	862	1.427	1.811	1.949	2.033
Room Services	100.236	159.813	204.977	221.957	232.733
Cafeteria Services	3.463	5.787	7.428	8.088	8.548
Partners Commissions	866	1.447	1.857	2.022	2.137
TOTAL	104.564	167.047	214.261	232.067	243.418

COST OF GOODS SOLD

- For the different items of revenue it was considered costs of goods associated with the provision of services:
 - Room Services - It was considered an average cost of 10% of income associated to the provision of breakfast, soap and other supplies related to the stay;
 - Cafeteria - It was considered an average cost of 60%, regarding products purchased for sale;
 - Partners - It was considered an average cost of 5%, associated with the production of communication materials for dissemination of partnerships.

Cost of Goods Sold	Years				
	2015	2016	2017	2018	2019
Room Services	10.024	15.981	20.498	22.196	23.273
Cafeteria Services	2.078	3.472	4.457	4.853	5.129
Partners Commissions	43	72	93	101	107
Total	12.144	19.526	25.047	27.150	28.509

SUPPLIES AND EXTERNAL SERVICES

- In order to implement the project it is necessary to incur on a series of monthly expenses. As such, it was considered the following expenses:
 - Booking fees - **65% of reservations and obtained revenues result from online booking sites** (eg. booking.com), over which a commission of 15% will be paid;
 - Office supplies - monthly cost of €20, from the start of the project, updated according to inflation;
 - Communication - monthly cost of €150, from the start of the project, updated according to inflation;
 - Online Marketing - monthly cost of €100, updated according to inflation, for **marketing communication campaigns in the destinations markets**, starting from January to acquire customers for the start of the project;
 - Insurance - annual cost of 2% of the investment in construction and decoration;
 - Maintenance and repair - annual cost of 2% of revenues for conservation works in the property and minor repairs;

SUPPLIES AND EXTERNAL SERVICES

- Rents - monthly fee of €4.250 starting in January 2015, regarding the rent to be paid to the owners of the property, updated according to inflation. This amount deducted from withholding income tax rate, and considering they are income not included, **will give owners a monthly net amount of €3.187,50;**
- Cleaning, hygiene and comfort - **monthly cost of €600 with subcontracting** for support of the hotel cleaning process and arrangements of the garden, from the start of the project, updated according to inflation;
- Surveillance and security - monthly cost of €100, from the start of the project, updated according to inflation;
- Specialized work - monthly cost of €200 for contract with TOC, updated according to inflation;
- Other supplies - monthly cost of €300, from the start of the project, for water expenses, electricity, gas and other non discriminated expenses, updated according to inflation.

SUPPLIES AND EXTERNAL SERVICES

- Based on the assumptions, the project has, in cruise year, a fixed annual cost estimated at 78 thousand euros (6,5 thousand euros per month), with the remaining amount associated to commissions on booking.

Supplies And External Services	Years				
	2015	2016	2017	2018	2019
Booking fees	9.773	15.582	19.985	21.641	22.691
Office supplies	180	242	245	248	251
Communication	1.350	1.818	1.838	1.860	1.884
Online Marketing	1.200	1.212	1.225	1.240	1.256
Insurance	2.000	2.000	2.000	2.000	2.000
Maintenance and repair	2.091	3.341	4.285	4.641	4.868
Rents	51.000	51.510	52.077	52.702	53.387
Cleaning, hygiene and comfort	5.400	7.272	7.352	7.440	7.537
Surveillance and security	900	1.212	1.225	1.240	1.256
Specialized work	2.400	2.424	2.451	2.480	2.512
Other supplies	3.600	3.636	3.676	3.720	3.768
Total Supplies And External Services	79.894	90.249	96.359	99.212	101.412

- From the fixed costs considered, nearly two-thirds are associated with the value of the rent to be supported due to the exploitation of the property.

TEAM

- The team to be hired for the project should be multi skilled and ensure both the reception and the support for the breakfast service.
- It is intended that the reception is assured 24 hours a day, so there will be a team of three full-time employees, who will have the support of the project promoters and a part-time employee (average gross monthly salary of €600, updated in line with inflation).
- Contracts will be made in April 2015.

Personnel	Years				
	2015	2016	2017	2018	2019
Salary	22.050	29.694	30.021	30.381	30.776
Meal Allowance	2.690	3.623	3.663	3.706	3.755
Employers N.I. contributions	5.237	7.052	7.130	7.215	7.309
Accidents at Work Insurance	441	594	600	608	616
Other Expenses with Employees (Training)	882	1.188	1.201	1.215	1.231
Total Personnel	31.300	42.151	42.614	43.126	43.686

- At its start up, the company will use the support to hiring provided by the IEF, therefore, it was considered that a grant of 1,1 x IAS x 12 will be received, for each employee, in two equal installments: 50% on the month following the return of the acceptance term and 50% on the month following the month in which the 12 months of the contract will expire.

For Income Statement purposes	2015	2016	For Cash Flow purposes	2015	2016
Measure <i>Estímulo Empleo</i>	14.526	4.842	Measure <i>Estímulo Empleo</i>	9.684	9.684

INCOME STATEMENT

Items	Years				
	2015	2016	2017	2018	2019
Sales and Services	104.564	167.047	214.261	232.067	243.418
IEFP Subsidies	14.526	4.842	0	0	0
Cost of Goods Sold	12.144	19.526	25.047	27.150	28.509
Supplies and External Services	88.894	90.249	96.359	99.212	101.412
Personnel	31.300	42.151	42.614	43.126	43.686
Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA)	-13.249	19.963	50.240	62.579	69.811
Depreciation	11.438	11.438	11.438	11.438	11.438
Earnings Before Interest and Taxes (EBIT)	-24.686	8.526	38.803	51.142	58.373
Interest Gain	0	96	185	514	477
Interest Expense	8.257	8.257	8.257	7.471	6.291
Earnings before taxes (EBT)	-32.944	365	30.730	44.185	52.559
Corporation Taxes	0	0	0	7.354	8.935
NET INCOME	-32.944	365	30.730	36.830	43.624

- In the second year of operation (2016) the project will have positive operating results, generating in the cruising year (2019) an annual EBITDA result close to 69.811 euros (to which annual rent will add).
- It was considered an interest gain that results from short term investments to be made due to the existing excess of cash (0,9% rate).
- The project will generate a net income exceeding 43 thousand euros/year from 2019.

BALANCE SHEET

Items	Years				
	2015	2016	2017	2018	2019
ACTIVO					
<i>Non-Current Assets</i>	145.663	134.163	117.344	105.750	94.313
Tangible Fixed Assets	140.063	128.625	117.188	105.750	94.313
Deferred Tax Assets	5.600	5.538	157	0	0
<i>Current Assets</i>	31.864	45.566	88.899	87.514	69.415
Inventories	998	1.605	2.059	2.231	2.343
Trade Customers	9.298	14.858	19.058	20.642	21.653
State and Other Public Entities	804	214	0	0	0
Other Receivables	4.842	0	0	0	0
Cash and Cash Equivalents	15.922	28.889	67.782	64.640	45.419
TOTAL ASSETS	177.527	179.730	206.243	193.264	163.728

- Within the first 5 years of activity the value of total assets has two distinct cycles:
 - From 2015 to 2017, there is an increase from 178k to 206k, mainly due to an increase in cash and cash equivalents.
 - From 2018 there is a decrease in cash and cash equivalents, and also in tangible fixed assets as a result of depreciation, which make the total assets decrease to 164k.

BALANCE SHEET

Items	Years				
	2015	2016	2017	2018	2019
OWNERS EQUITY					
Capital Stock	15.000	15.000	15.000	15.000	15.000
Legal Reserve	0	0	0	0	3.000
Retained Earnings	0	-32.944	-32.579	-1.849	0
Other Changes in Equity	5.600	5.538	157	0	0
Net Income	-32.944	365	30.730	36.830	43.624
Interim Dividend	0	0	0	-31.982	-43.624
TOTAL OWNERS EQUITY	-12.343	-12.040	13.308	18.000	18.000
LIABILITIES					
<i>NON-CURRENT LIABILITIES</i>					
Bank Loan	180.000	180.000	180.000	154.286	128.571
<i>CURRENT LIABILITIES</i>					
Account Payables	8.373	10.042	11.131	11.573	11.900
State and Other Public Entities	1.498	1.729	1.804	9.406	5.257
TOTAL LIABILITIES	189.870	191.770	192.935	175.264	145.728
TOTAL LIABILITIES + OWNERS EQUITY	177.527	179.730	206.243	193.264	163.728

- In 2015 and 2016, the net income obtained, together with a low capital stock, produces a negative total owners equity.
- From the year in which net income allows to even the retained earnings to 0 and constitute legal reserves of 20%, interim dividend will be distributed. Thus, from 2018, interim dividend is considered, which maintains total owners equity constant on 18k.
- With regard to liabilities, the greatest share is associated to the bank loan, which starts to decrease in 2018. From this year, the payment of income tax also increases liabilities related to state.

INVESTED CAPITAL

Items	Years				
	2015	2016	2017	2018	2019
Tangible Assets	140.063	128.625	117.188	105.750	94.313
Other Receivables	4.842	0	0	0	0
Inventories	998	1.605	2.059	2.231	2.343
Clients	9.298	14.858	19.058	20.642	21.653
State	-694	-1.514	-1.804	-9.406	-5.257
Operating Cash	5.228	8.352	10.713	11.603	12.171
Suppliers	-8.373	-10.042	-11.131	-11.573	-11.900
<i>Net Working Capital</i>	11.300	13.259	18.895	13.499	19.011
Deferred Tax Assets	5.600	5.538	157	0	0
"Excess" Cash	10.694	20.537	57.069	53.037	33.248
<i>Total Invested Capital</i>	167.657	167.960	193.308	172.286	146.571
Sources of Financing:					
Equity	-12.343	-12.040	13.308	18.000	18.000
Non-current financial debt	180.000	180.000	180.000	154.286	128.571
<i>Total Sources of Funds</i>	167.657	167.960	193.308	172.286	146.571

CASH FLOWS MAP (for valuation purposes)

Items	Years				
	2015	2016	2017	2018	2019
(+) EBIT	-24.686	8.526	38.803	51.142	58.373
(-) Corporation Taxes	-5.184	1.620	6.985	8.694	9.923
(+) Tax Adjustment	5.184	-1.620	-6.985	-17.231	-19.847
NOPLAT	-24.686	8.526	38.803	42.605	48.450
(+) Depreciation	11.438	11.438	11.438	11.438	11.438
Gross Cash Flow	-13.249	19.963	50.240	54.042	59.887
(-) Capex (PPE & Intangibles)	-151.500	0	0	0	0
(-) Change in NWC	-11.300	-1.959	-5.635	5.396	-5.512
(-) Change in Operating Assets & Liabilities	-5.600	62	5.381	157	0
(-) Change in "Excess" Cash	-10.694	-9.843	-36.533	4.033	19.789
Total Free Cash Flow to the Firm	-192.343	8.223	13.454	63.627	74.164

Cash Flows from Financing:

(+) Change in Financial Debt	180.000	0	0	-25.714	-25.714
(-) Interest Expense	-8.257	-8.161	-8.073	-6.957	-5.814
(+) Tax Shield	0	0	0	1.183	988
(+) Change in Equity	20.600	-62	-5.381	-32.139	-43.624
Total Cash Flow from Financing	192.343	-8.223	-13.454	-63.627	-74.164

VALUATION

- For the evaluation of Estoril Charming B & B the method of Free Cash Flow was used, according to the Adjusted Present Value (APV). To determine the APV the following assumptions were used:

	2015	2016	2017	2018	2019
Ru¹	9,84%	9,84%	9,84%	9,84%	9,84%
Inflation rate	0,40%	1,00%	1,10%	1,20%	1,30%
Cost of debt Rd:					
Interbank Money Market ²	0,41%	0,42%	0,42%	0,42%	0,43%
Spread S/ IMM	4,00%	4,00%	4,00%	4,00%	4,00%
Stamp tax	4,00%	4,00%	4,00%	4,00%	4,00%
Nominal cost	4,59%	4,59%	4,60%	4,60%	4,61%
Corporation Tax	21,00%	19,00%	18,00%	17,00%	17,00%
Nominal cost after tax	3,62%	3,72%	3,77%	3,82%	3,82%

Valuation	2015	2016	2017	2018	2019	Next Years
FCFF	-192.343	8.223	13.454	63.627	74.164	753.855*
Tax Shield	0	0	0	1.183	988	25.846*
FCFF@Ru	-175.115	7.487	11.152	48.016	50.955	517.938
PvTaxShield@Rd	0	0	0	1.057	851	22.243
FCFFt	-175.115	7.487	11.152	49.073	51.805	540.181
NPV 2015	484.582					

Considering perpetuity*, the value of the evaluation of the project, resulting from the method of Free Cash Flow is €484.582 (four hundred and eighty-four thousand and five hundred and eighty-two euros).

* In the calculation of perpetuity it was considered a growth rate of 0 (g = 0)

¹ Hotel/Gaming Beta By Aswath Damodaran

² EUR SWAP ANNUAL 5 YEAR, By Bloomberg Terminal

SENSITIVITY ANALYSIS

- In order to assess the impact of operating changes on the results of the project, it was considered several scenarios:
 1. Complex occupation 20% lower than what was considered on the valuation;
 2. Rise of costs with supplies and external services, with the exception of rent, 20% greater than what was considered;
 3. Complex occupation 10% higher than what was considered on the valuation;
 4. Decrease of costs with supplies and external services, with the exception of rent, 10% lower than what was considered.

SCENARIO 1

Valuation: €164.249

Break even: €175.735

Break even-occupancy rate: 56,8%

SCENARIO 2

Valuation: €400.646

Break even : €186.443

Break even-occupancy rate: 60,8%

SCENARIO 0

Valuation: €484.582

Break even: €175.646

Break even-occupancy rate: 57,3%

SCENARIO 3

Valuation : €539.011

Break even: €175.672

Break even-occupancy rate: 57,7%

SCENARIO 4

Valuation : €522.483

Break even: €170.487

Break even-occupancy rate: 55,6%

Break even and Break even-occupancy rate in the cruising year (2019)

SENSITIVITY ANALYSIS

- The data obtained from the simulations made allowed to reach the following conclusions:
 - Even considering a decline of occupancy rates or an increase of costs with supplies and external services the project remains viable as a result of the longevity of investment (perpetuity);
 - On a scenario where a decrease in the occupancy rate occurs it is observed a cash problem, and that can be solved with one of the three measures:
 - An increase of the bank loan corresponding to €15.000;
 - A further capital injection by shareholders of €15.000 in 2016, which will be returned in two installments of €7.500 in 2017 and 2019;
 - An increase of the average payment period to suppliers from 30 days to 70 days in 2016 and to 50 days in 2017 and 2018. This increase can be assumed by the project promoter, on the quality of property owner, through a delay on payment of rent due during this period.

If, on the valuation calculation, it was not considered a monthly rent, and considering that the property was transferred under a free-lease agreement to the company, the result of the valuation would be €964.764 (nine hundred and sixty-four thousand and seven hundred and sixty-four euros), with a break even €106.342 and break even-occupancy rate 34,7%.

CONCLUSIONS

CONCLUSIONS

- Considering the analysis made it is verified that the region of project implementation (Cascais/Estoril) has a high demand from tourists (with a trend of growth).
- The positioning that promoters intend to implement fits with the wishes of visiting tourists to the region.
- The number of planned accommodation is reduced, which implies a high investment per accommodation, but allows to create on the complex a family environment, between promoters and guests.
- The location also allows the promoters to make contacts in order to enhance a number of partnerships, through which additional income for the business can be made.
- The project has added value in terms of capabilities and price, which will contribute to the achievement of high occupancy rates.
- It is essential to have a good online communication strategy in order to ensure that the complex occupancy rate is high throughout the year.
- The main project costs are associated with the property's rent and human resources salaries that ensure reception service.

CONCLUSIONS

- The valuation made of the project shows that it is feasible when compared with the initial investment required for starting up.
- Even on a scenario of low occupancy rates or increase of supplies and external services the project continues to be viable.
- In the various scenarios presented, break even-occupancy rate is inferior to Lisbon regional average and also the municipality of Cascais average. In the scenario where rent is not considered, the value of break even-occupancy rate of 34,7% represents only 53% of the occupation planned for Lisbon in 2014.
- Through the implementation of the project, promoters are able to generate sufficient results for the repayment of the loan and interest associated to the investment planned for the company, and the loan and interest for acquisition of the property, at a personal level.

STEAM

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